

Department of Administration

Title: Insurance Procurement

Policy #: 7.01

Effective Date: August 1, 1998

Approved: Brett E. Dahl

I. Purpose

The purpose of this policy is to specify the duties and responsibilities for procurement and administration of insurance by the Risk Management & Tort Defense Division (RMTD) and state agencies.

II. Definitions

Insurance - Insurance is a contract whereby an indemnitor (i.e. an insurance entity) agrees to pay claims in behalf of an indemnitee (i.e. insured) to an agreed limit, for specified loss exposures, and for a time specific period. For purposes of this policy, insurance includes auto, aviation, crime, liability and other property/casualty insurance that RMTD deems necessary and cost-effective. This policy does not apply to workers' compensation, employee health and benefits, or insurance administered by other state agencies in accordance with state or federal law.

III. Insurance Procurement

- a. State agencies may not purchase insurance, except notary bond, without first contacting RMTD.
- b. Agencies seeking new or additional coverage must contact RMTD 60 days prior to the desired effective date in order to allow enough lead time to secure it.
- c. Insurance is purchased by RMTD on a competitive bid basis every 4 years through qualified insurance agents and is subject to periodic change.
- d. Summaries of insurance coverage, including changes in coverage, are available to state agencies at RMTD's website.

IV. Insurance Coverage

- a. RMTD will purchase commercial insurance only when it is deemed necessary and cost effective. Agencies that need specialized coverage not offered through the state's core program must contact RMTD for assistance.

- b. The type of coverage, deductible levels, and policy limits for each line of insurance are based upon cost, availability of coverage, and the potential magnitude of loss.
- c. All insurance policies, endorsements, and related documentation are maintained by RMTD.
- d. Agencies must maintain proof of insurance in each vehicle that they own or operate. A vehicle certificate of insurance is typically provided in each vehicle owned by the motor pool or leased from the motor pool. Vehicle certificates may be downloaded from RMTD's website. For all other certificates of insurance, please contact the insurance staff at RMTD.

V. Exposure Reporting

In order to assure that agency assets are properly insured, they must be accurately reported to RMTD.

- a. Assets are reported between January 1st and March 15th of each fiscal year on-line through the state property/casualty insurance information system (PCIIS) found on RMTD's website.
- b. Each agency must provide a point of contact that can be trained to enter, input, and update agency assets for insurance purposes. Agency coordinators may contact the insurance staff at RMTD with additional questions.

VI. Rates

- a. The division establishes insurance rates for each agency during the biennial budget preparation process. Rates are based on each agency's reported assets, historical losses, and any interim requests for insurance.
- b. The division submits insurance rates to the Office of Budget and Program Planning (OBPP) during the biennial budget preparation process. OBPP includes insurance costs in each agency's budget.
- c. During the budgeting process, each agency is responsible to verify that budgeted insurance costs are included in account 62104 (Insurance & Bonds).
- d. RMTD will promptly bill for agency budgeted insurance premiums at the beginning of each fiscal year. Agencies must remit allocated insurance payments to RMTD by September 1st.
- e. RMTD is required by law to allocate the cost of insurance fairly among state agencies that participate in the state property/casualty

insurance program. A fair allocation means that an agency pays its fair share of premium commensurate with loss experience and potential exposure (i.e. #vehicles, #FTEs, etc.).

- f. RMTD's cost allocation system provides incentives for agencies to reduce claims by reducing hazards and exposures. The division's cost allocation system produces premiums that are stable, resistant to manipulation, and is easy to understand.

VII. Rules Governing

None.

VIII. Statutes Governing

§2-9-201, MCA

IX. Forms

Auto Certificate of Insurance

X. Administrative Use

History Log	
Approved Date:	August 1, 1998
Effective Date:	August 1, 1998
Change and Review Contact:	<u>Brett Dahl</u>
Review:	Event Review: Any event affecting this policy may initiate a review. Such events may include a change in statute, key staff changes or a request for review or change.
Scheduled Review Date:	Five years from Effective Date
Last Review/Revision:	February 20, 2007
Changes:	

DEPARTMENT OF ADMINISTRATION
RISK MANAGEMENT AND TORT DEFENSE DIVISION



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CERTIFICATE OF INSURANCE FOR AUTOMOBILE LIABILITY

This certificate is issued by the Department of Administration under the authority granted by § 2-9-101, MCA through § 2-9-305, MCA to establish self-insurance plans. This certificate is issued as a matter of information only and confers no rights upon the certificate holder. It does not amend, extend or alter the coverage provided by the self-insurance program.

This is to certify that the State of Montana through the Department of Administration provides the following coverages by Self-Insurance


Kind of Insurance	Effective Date	Limits
Tort Liability (includes Auto)	continuous	Per Claim \$ 750,000
		Per Occurr. \$1,500,000
Automobile Physical Damage	n/a	Comprehensive/Collision ACV less \$250.00
Property	n/a	Per Occurrence \$500,000,000

Coverage in accordance with the Tort Claims Act, Title 2, Section 9, Chapters 1-3, Montana Code Annotated and ARM 2-2-298 as respects vehicles owned/leased/loaned by the State of Montana, its officers, officials, employees, assigns and servants on the above dates.

Should any material change occur, the Department of Administration will endeavor to notify the certificate holder of such changes by mail at least thirty (30) days prior to such change, but failure to do so shall impose no obligation or liability of any kind upon the state.

Date Issued: October 12, 2005

Name & Address of Certificate Holders
The State of Montana, its officers,
officials, employees, assigns, and servants
in accordance with 2-9-101 through
305 MCA and ARM 2-2-298.

By: 
Kristie K. Rhodes, Risk Finance Specialist
State of Montana
Department of Administration